

Message Text

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ACTION EUR-12

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POUCHED FOR INFO TO CALGARY MONTREAL TORONTO AND VANCOUVER

EO 11652 NA

TAGS ENRG CA

SUBJ ENERGY: CANADIAN OIL POLICY

FOLLOWING ARE SUMMARIES OF GOVERNMENT RESPONSES TO VARIETY OF
QUESTIONS RAISED IN HOUSE OF COMMONS ON DECEMBER 9 ON CANADIAN
OIL MATTERS OF CURRENT INTEREST:

1. OIL EXPORT REDUCTIONS: IN ANSWER TO QUESTION TO PM WHETHER
HE HAD BEEN ABLE TO OBTAIN SPECIFIC ASSURANCE FROM PRESIDENT
FORD THAT USG WOULD MAKE NO "RESPONSE" TO DECISION TO REDUCE
RATE OF OIL EXPORTS, TRUDEAU STATED, "...THE PRESIDENT DID
NOT INDICATE THERE WOULD BE ANY STRONG REACTION, NOR DID HE
INDICATE TO THE CONTRARY. HE WAS INTERESTED IN THE EXPLANATIONS,
THE MOTIVATION, WHICH LED US TO A CERTAIN POSITION. HE SEEMED
PREPARED TO CONSIDER THEM AFTER THEY HAD BEEN EXPLAINED TO HIM,
AND THAT WAS THE ESSENTIAL PURPOSE OF MY VISIT, NOT TO GET ANY
STRONG UNDERTAKING AT THAT PARTICULAR TIME BUT TO MAKE
SURE HE UNDERSTOOD CANADA'S GOOD REASONS FOR DOING
CERTAIN THINGS."

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2. MONTREAL PIPELINE: ENERGY MINISTER MACDONALD STATED THAT THE CABINET HAS REVIEWED THE MATTER AND DECIDED TO PROCEED WITH THE PIPELINE EXTENSION AND THAT GOC NEGOTIATIONS WITH INTERPROVINCIAL PIPE LINE CO. HAVE BEGUN. MACDONALD SAID THE CAPITAL INVESTMENT IS JUSTIFIED "FOR THE SECURITY OF THE MONTREAL MARKET."
(COMMENT: INDICATIONS ARE THAT THE PIPELINE WILL BE REVERSIBLE.)

3. SYNCRUDE PROJECT: MACDONALD STATED THAT HE HAS MET WITH ALBERTA OFFICIALS AND EXPRESSED THE INTEREST OF THE GOC IN FINANCIALLY SUPPORTING THE GOVERNMENT OF ALBERTA TO ENSURE THAT SYNCRUDE PROJECT WILL CONTINUE. HE ADDED THAT, OF COURSE, FEDERAL PARTICIPATION WOULD BE SUBJECT TO ALBERTAN APPROVAL. HE ALSO STATED THAT GOC IS MAINTAINING CLOSE DIRECT CONTACT WITH SYNCRUDE OFFICIALS.

4. ATHABASCA OIL SANDS PROJECTS: MINISTER MACDONALD DENIED TO OPPOSITION MP QUESTIONER THAT ARCO AND SHELL EXPLORER WITHDRAWALS FROM OIL SANDS PROJECTS WERE RESULTS OF GOC POLICIES. HE STATED THAT ARCO DECISION WAS TAKEN IN LIGHT OF ITS CASH POSITION RELATIVE TO ITS INVOLVEMENT IN ALYESKA PIPELINE PROJECT; ARCO HAS "OBVIOUSLY DECIDED TO GIVE HIGHER PRIORITY TO ALYESKA". WITH REGARD TO SHELL EXPLORER, MACDONALD SAID THAT "DECISION WAS REACHED SPECIFICALLY BECAUSE OF THE DECISION NOT TO PERMIT THE EXPORT OF CANADIAN OIL UNLESS SURPLUS TO CANADIAN REQUIREMENTS. I THINK THAT IS A SOUND POLICY; IT IS ONE WHICH WE ON THIS SIDE OF THE HOUSE, AT LEAST, SUPPORT."
JOHNSON

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